



**HARRISON COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2003-95  
September 26, 2003  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2003

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Harrison County, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

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This audit of Harrison County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Commission has not adequately carried out its fiduciary responsibilities related to the jail building project. A professional appraisal was not obtained prior to purchasing a construction site for the jail project and no county inspection has taken place during construction of the jail to ensure compliance with building codes and building plans and specifications. In addition, an agreement was negotiated with the financial company prior to beginning the bid process. During May 2002, the county entered into an agreement to lease county land to a financial company on which to construct a county jail. A twenty year lease agreement was simultaneously entered into with the financial group for the county to lease the jail and make annual lease payments equal to the amount due to purchase the building at the end of the lease term. The principal amount of the lease is approximately \$1.6 million and will be funded by the county one-half cent law enforcement sales tax.
- The County Commission did not adequately monitor the selection process of various design and construction services, such as architectural services and construction contractor, for the nursing home project. The County Commission responded that they will become more involved in the nursing home building project.

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YELLOW SHEET

- The Lake Project Fund balance includes sales tax revenue which is required to be used for obligations incurred in the construction of the Harrison County Lake; however, the general obligation bonds have been repaid. The County Commission indicated they are going to ask the voters to approve the use of the monies for maintenance of the lake.
- The county has not taken action on mid-term salary increases given to elected officials in 1997. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. In the prior audit report, we recommended the county salary commission reevaluate the decision to give mid-term salary increase to all officials; however, no action has been taken. The County Commission has now responded that they will discuss the situation with the Prosecuting Attorney to determine what action to take.
- The County Commission has a history of significantly overestimating amounts budgeted for the Special Road and Bridge Fund. During the last six years, actual disbursements have been only 47 to 75 percent of budgeted expenditures. Additionally, administrative service fee transfers from the Special Road and Bridge Fund to the General Revenue Fund exceeded three percent of actual disbursements for the two years ended December 31, 2002 and 2001, by a total of \$33,882.
- Payments totaling \$50,750 for the purchase of the jail construction site, the building design for the new jail, and repairs to a sheriff's department vehicle were authorized from the Special Road and Bridge Fund. As monies credited to the Special Road and Bridge Fund are restricted for road and bridge purposes, \$50,750 is due to the Special Road and Bridge Fund. The County Commission responded that they have established a schedule to repay the monies to the Special Road and Bridge Fund in ten years or less.
- The schedule of expenditures of federal awards did not accurately report expenditures of Highway Planning and Construction funding. In addition, pass-through entity identifying numbers were not included for most programs.
- Improvements are needed over internal controls in the Sheriff's Office including segregation of duties and perpetual seized property records. In addition, the Sheriff retained fees of \$1,116 for services performed as trustee. This fee is apparently not allowable pursuant to an Attorney General's Opinion and, as a result, this amount is due from the Sheriff to the county.

The audit also includes some matters related to cash management and revenue maximization, computer controls, general fixed asset records and procedures, and county commission minutes.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

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## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Harrison County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Harrison County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Harrison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.



In accordance with *Government Auditing Standards*, we also have issued our report dated June 4, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Harrison County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

June 4, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Katherine Cardenas, CPA
Audit Staff:	Terese Summers, CPA
	T. Flower Chadraabal
	Gary Raines



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Harrison County, Missouri

We have audited the financial statements of various funds of Harrison County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 4, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Harrison County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Harrison County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Harrison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

June 4, 2003 (fieldwork completion date)

## Financial Statements

Exhibit A-1

HARRISON COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 100,240	909,146	923,100	86,286
Special Road and Bridge	2,084,521	1,544,549	1,844,215	1,784,855
Assessment	8,972	119,500	125,018	3,454
Law Enforcement Training	10,777	8,412	7,632	11,557
Prosecuting Attorney Training	10,495	2,220	2,825	9,890
Recorder's User Fees	9,469	8,499	3,890	14,078
Prosecuting Attorney Bad Check	4,559	18,152	13,228	9,483
Domestic Violence	20	330	170	180
911	49,033	150,909	152,265	47,677
Lake Project	311,687	11,152	14,175	308,664
Crestview Depreciation and Replacement	409,987	28,756	337,043	101,700
Crestview Addition	120,898	18,501	120,451	18,948
Special Poor	68,371	6,338	9,435	65,274
Lottie Wilson Trust	27,690	571	1,101	27,160
Police Officer Standards Training	5,141	3,953	3,834	5,260
Local Emergency Planning Committee	6,672	2,589	1,280	7,981
County Election Services	1,382	1,064	0	2,446
Recorder's Technology	959	2,735	0	3,694
Law Enforcement Sales Tax	0	34,956	0	34,956
Tax Maintenance	0	277	0	277
Health Center	390,682	566,990	566,498	391,174
Law Library	13,976	6,212	5,836	14,352
Circuit Clerk's Interest	6,531	2,842	2,299	7,074
Total	\$ 3,642,062	3,448,653	4,134,295	2,956,420

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit A-2

HARRISON COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 56,080	1,000,433	956,273	100,240
Special Road and Bridge	2,065,778	1,452,465	1,433,722	2,084,521
Assessment	7,320	105,702	104,050	8,972
Law Enforcement Training	24,036	8,763	22,022	10,777
Prosecuting Attorney Training	8,871	2,249	625	10,495
Recorder's User Fees	9,342	4,548	4,421	9,469
Prosecuting Attorney Bad Check	6,027	13,471	14,939	4,559
Domestic Violence	0	335	315	20
Prosecuting Attorney Delinquent Tax	153	0	153	0
911	79,419	141,551	171,937	49,033
Lake Project	284,258	32,260	4,831	311,687
Crestview Depreciation and Replacement	366,729	125,326	82,068	409,987
Crestview Addition	104,861	106,404	90,367	120,898
Special Poor	71,840	8,118	11,587	68,371
Lottie Wilson Trust	27,366	1,224	900	27,690
Police Officer Standards Training	4,935	4,021	3,815	5,141
Local Emergency Planning Committee	9,467	2,732	5,527	6,672
County Election Services	0	1,382	0	1,382
Recorder's Technology	0	959	0	959
Health Center	288,071	596,060	493,449	390,682
Law Library	14,379	5,664	6,067	13,976
Circuit Clerk's Interest	5,041	2,644	1,154	6,531
Total	\$ 3,433,973	3,616,311	3,408,222	3,642,062

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## HARRISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,371,939	3,410,578	38,639	3,885,865	3,613,970	(271,895)
DISBURSEMENTS	4,642,626	4,131,996	510,630	5,276,519	3,408,222	1,868,297
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,270,687)	(721,418)	549,269	(1,390,654)	205,748	1,596,402
CASH, JANUARY 1	3,635,531	3,635,531	0	3,433,919	3,433,973	54
CASH, DECEMBER 31	2,364,844	2,914,113	549,269	2,043,265	3,639,721	1,596,456
<b>GENERAL REVENUE FUND</b>						
<b>RECEIPTS</b>						
Property taxes	289,000	278,839	(10,161)	275,000	285,522	10,522
Sales taxes	241,500	216,393	(25,107)	213,000	230,861	17,861
Intergovernmental	122,200	112,365	(9,835)	88,000	95,576	7,576
Charges for services	197,000	203,094	6,094	201,500	175,019	(26,481)
Interest	8,000	5,704	(2,296)	10,000	8,422	(1,578)
Other	11,201	22,479	11,278	14,801	16,878	2,077
Transfers in	70,000	70,272	272	175,656	188,155	12,499
Total Receipts	938,901	909,146	(29,755)	977,957	1,000,433	22,476
<b>DISBURSEMENTS</b>						
County Commission	71,820	71,626	194	71,820	70,671	1,149
County Clerk	64,687	61,779	2,908	61,954	58,802	3,152
Elections	57,350	41,695	15,655	41,300	40,587	713
Buildings and grounds	71,224	63,861	7,363	65,474	62,909	2,565
Employee fringe benefits	35,000	34,604	396	40,000	33,889	6,111
County Treasurer and Ex Officio County Collector	57,300	56,980	320	56,053	55,541	512
Circuit Clerk and Ex Officio Recorder of Deeds	26,000	17,857	8,143	27,900	21,730	6,170
Associate Circuit Court	2,950	1,813	1,137	3,450	2,350	1,100
Court administration	9,124	5,387	3,737	4,117	3,019	1,098
Public Administrator	28,525	27,116	1,409	30,568	29,135	1,433
Sheriff	222,312	197,190	25,122	211,400	203,880	7,520
Jail	128,000	115,135	12,865	51,000	51,595	(595)
Prosecuting Attorney	60,836	60,228	608	60,336	59,175	1,161
Juvenile Officer	29,221	12,231	16,990	32,570	8,993	23,577
County Coroner	12,924	11,551	1,373	15,550	14,892	658
Insurance	93,000	85,202	7,798	85,000	84,343	657
University Extension	10,000	11,667	(1,667)	20,000	19,320	680
Schools per audit	0	0	0	105,940	105,940	0
Other	15,335	14,321	1,014	16,600	13,541	3,059
Emergency Fund	25,000	24,982	18	25,000	15,211	9,789
Transfers out	4,500	7,875	(3,375)	0	750	(750)
Total Disbursements	1,025,108	923,100	102,008	1,026,032	956,273	69,759
RECEIPTS OVER (UNDER) DISBURSEMENTS	(86,207)	(13,954)	72,253	(48,075)	44,160	92,235
CASH, JANUARY 1	100,240	100,240	0	56,080	56,080	0
CASH, DECEMBER 31	14,033	86,286	72,253	8,005	100,240	92,235

## Exhibit B

## HARRISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	420,000	431,619	11,619	400,000	418,218	18,218
Intergovernmental	820,000	1,051,115	231,115	1,345,000	903,337	(441,663)
Charges for services	25,000	16,192	(8,808)	25,000	32,101	7,101
Interest	90,000	41,203	(48,797)	75,000	94,226	19,226
Other	1,550	4,420	2,870	6,500	4,583	(1,917)
Total Receipts	1,356,550	1,544,549	187,999	1,851,500	1,452,465	(399,035)
<b>DISBURSEMENTS</b>						
Salaries	214,760	200,419	14,341	220,000	186,693	33,307
Employee fringe benefits	67,000	51,619	15,381	67,000	30,894	36,106
Supplies	12,000	1,399	10,601	12,000	7,321	4,679
Road and bridge materials	460,000	238,135	221,865	310,000	193,536	116,464
Equipment repairs	40,000	8,381	31,619	40,000	20,804	19,196
Equipment purchases	190,000	148,747	41,253	240,000	85,006	154,994
Construction, repair, and maintenance	812,000	959,559	(147,559)	1,431,000	599,660	831,340
Township aid	230,000	80,000	150,000	80,000	80,000	0
Utilities	15,000	14,152	848	10,000	10,346	(346)
Other	150,000	25,521	124,479	250,000	16,151	233,849
Emergency	100,000	1,283	98,717	100,000	6,300	93,700
Building and Land Acquisition	90,000	50,000	40,000	90,000	21,355	68,645
Transfers out	65,000	65,000	0	175,656	175,656	0
Total Disbursements	2,445,760	1,844,215	601,545	3,025,656	1,433,722	1,591,934
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,089,210)	(299,666)	789,544	(1,174,156)	18,743	1,192,899
CASH, JANUARY 1	2,084,521	2,084,521	0	2,065,778	2,065,778	0
CASH, DECEMBER 31	995,311	1,784,855	789,544	891,622	2,084,521	1,192,899
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	120,300	117,473	(2,827)	110,100	104,275	(5,825)
Interest	700	178	(522)	2,000	808	(1,192)
Other	500	1,849	1,349	500	619	119
Total Receipts	121,500	119,500	(2,000)	112,600	105,702	(6,898)
<b>DISBURSEMENTS</b>						
Assessor	123,524	125,018	(1,494)	118,792	104,050	14,742
Total Disbursements	123,524	125,018	(1,494)	118,792	104,050	14,742
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,024)	(5,518)	(3,494)	(6,192)	1,652	7,844
CASH, JANUARY 1	8,972	8,972	0	7,320	7,320	0
CASH, DECEMBER 31	6,948	3,454	(3,494)	1,128	8,972	7,844



## Exhibit B

## HARRISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	8,000	8,140	140	8,000	8,031	31
Interest	500	272	(228)	1,000	732	(268)
Total Receipts	8,500	8,412	(88)	9,000	8,763	(237)
DISBURSEMENTS						
Sheriff	12,000	2,360	9,640	12,000	9,523	2,477
Transfers out	0	5,272	(5,272)	12,499	12,499	0
Total Disbursements	12,000	7,632	4,368	24,499	22,022	2,477
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	780	4,280	(15,499)	(13,259)	2,240
CASH, JANUARY 1	10,777	10,777	0	24,036	24,036	0
CASH, DECEMBER 31	7,277	11,557	4,280	8,537	10,777	2,240
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	2,000	2,015	15	1,800	1,997	197
Interest	200	205	5	200	252	52
Total Receipts	2,200	2,220	20	2,000	2,249	249
DISBURSEMENTS						
Prosecuting Attorney	5,000	2,825	2,175	4,000	625	3,375
Total Disbursements	5,000	2,825	2,175	4,000	625	3,375
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,800)	(605)	2,195	(2,000)	1,624	3,624
CASH, JANUARY 1	10,495	10,495	0	8,871	8,871	0
CASH, DECEMBER 31	7,695	9,890	2,195	6,871	10,495	3,624
<b><u>RECORDER'S USER FEES FUND</u></b>						
RECEIPTS						
Charges for services	3,500	5,226	1,726	4,000	4,286	286
Interest	200	273	73	100	262	162
Transfer in	0	3,000	3,000	0	0	0
Total Receipts	3,700	8,499	4,799	4,100	4,548	448
DISBURSEMENTS						
Ex Officio Recorder of Deeds	8,400	3,890	4,510	5,000	4,421	579
Total Disbursements	8,400	3,890	4,510	5,000	4,421	579
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,700)	4,609	9,309	(900)	127	1,027
CASH, JANUARY 1	9,469	9,469	0	9,342	9,342	0
CASH, DECEMBER 31	4,769	14,078	9,309	8,442	9,469	1,027

## Exhibit B

## HARRISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD</u></b>						
<b><u>CHECK FUND</u></b>						
RECEIPTS						
Intergovernmental	0	370	370	0	0	0
Charges for services	13,000	17,673	4,673	13,000	13,345	345
Interest	100	109	9	400	126	(274)
Total Receipts	13,100	18,152	5,052	13,400	13,471	71
DISBURSEMENTS						
Prosecuting Attorney	17,150	13,228	3,922	19,150	14,939	4,211
Total Disbursements	17,150	13,228	3,922	19,150	14,939	4,211
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,050)	4,924	8,974	(5,750)	(1,468)	4,282
CASH, JANUARY 1	4,559	4,559	0	6,027	6,027	0
CASH, DECEMBER 31	509	9,483	8,974	277	4,559	4,282
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	300	330	30	400	335	(65)
Total Receipts	300	330	30	400	335	(65)
DISBURSEMENTS						
Abuse center	300	170	130	400	315	85
Total Disbursements	300	170	130	400	315	85
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	160	160	0	20	20
CASH, JANUARY 1	20	20	0	0	0	0
CASH, DECEMBER 31	20	180	160	0	20	20
<b><u>PROSECUTING ATTORNEY DELINQUENT</u></b>						
<b><u>TAX FUND</u></b>						
RECEIPTS						
Intergovernmental				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Prosecuting Attorney				0	153	(153)
Total Disbursements				0	153	(153)
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	(153)	(153)
CASH, JANUARY 1				153	153	0
CASH, DECEMBER 31				153	0	(153)

## Exhibit B

## HARRISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>911 FUND</u></b>						
RECEIPTS						
Charges for services	140,000	149,850	9,850	126,000	135,334	9,334
Interest	1,000	1,059	59	4,000	2,114	(1,886)
Other	0	0	0	0	4,103	4,103
Total Receipts	141,000	150,909	9,909	130,000	141,551	11,551
DISBURSEMENTS						
Salaries and employee benefits	134,565	112,821	21,744	134,500	121,293	13,207
Telephone	35,000	33,742	1,258	40,000	32,990	7,010
Equipment	2,000	2,250	(250)	12,000	11,604	396
Other	8,100	3,452	4,648	8,050	6,050	2,000
Total Disbursements	179,665	152,265	27,400	194,550	171,937	22,613
RECEIPTS OVER (UNDER) DISBURSEMENTS	(38,665)	(1,356)	37,309	(64,550)	(30,386)	34,164
CASH, JANUARY 1	49,033	49,033	0	79,419	79,419	0
CASH, DECEMBER 31	10,368	47,677	37,309	14,869	49,033	34,164
<b><u>LAKE PROJECT FUND</u></b>						
RECEIPTS						
Sales taxes	0	0	0	0	16,885	16,885
Interest	10,000	6,320	(3,680)	10,000	10,075	75
Other	4,470	4,832	362	3,690	5,300	1,610
Total Receipts	14,470	11,152	(3,318)	13,690	32,260	18,570
DISBURSEMENTS						
Maintenance	7,000	14,175	(7,175)	7,000	326	6,674
Construction	25,000	0	25,000	25,000	4,505	20,495
Total Disbursements	32,000	14,175	17,825	32,000	4,831	27,169
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,530)	(3,023)	14,507	(18,310)	27,429	45,739
CASH, JANUARY 1	311,687	311,687	0	284,258	284,258	0
CASH, DECEMBER 31	294,157	308,664	14,507	265,948	311,687	45,739
<b><u>CRESTVIEW DEPRECIATION AND REPLACEMENT FUND</u></b>						
RECEIPTS						
Interest	8,000	3,088	(4,912)	13,000	13,258	258
Other	112,068	25,668	(86,400)	112,068	112,068	0
Total Receipts	120,068	28,756	(91,312)	125,068	125,326	258
DISBURSEMENTS						
Bond payment	82,068	241,616	(159,548)	82,068	82,068	0
Repairs and replacement	50,000	95,427	(45,427)	50,000	0	50,000
Total Disbursements	132,068	337,043	(204,975)	132,068	82,068	50,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,000)	(308,287)	(296,287)	(7,000)	43,258	50,258
CASH, JANUARY 1	409,987	409,987	0	366,729	366,729	0
CASH, DECEMBER 31	397,987	101,700	(296,287)	359,729	409,987	50,258

## Exhibit B

## HARRISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CRESTVIEW ADDITION FUND</u></b>						
RECEIPTS						
Interest	3,000	1,058	(1,942)	2,000	4,201	2,201
Other	100,000	17,443	(82,557)	95,000	102,203	7,203
Total Receipts	103,000	18,501	(84,499)	97,000	106,404	9,404
DISBURSEMENTS						
Bond payment	90,000	120,451	(30,451)	90,000	90,367	(367)
Construction	0	0	0	30,000	0	30,000
Total Disbursements	90,000	120,451	(30,451)	120,000	90,367	29,633
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,000	(101,950)	(114,950)	(23,000)	16,037	39,037
CASH, JANUARY 1	120,898	120,898	0	104,861	104,861	0
CASH, DECEMBER 31	133,898	18,948	(114,950)	81,861	120,898	39,037
<b><u>SPECIAL POOR FUND</u></b>						
RECEIPTS						
Interest	2,000	1,338	(662)	3,000	3,098	98
Other	5,000	5,000	0	5,000	5,020	20
Total Receipts	7,000	6,338	(662)	8,000	8,118	118
DISBURSEMENTS						
Assistance programs	18,250	9,435	8,815	18,250	11,587	6,663
Total Disbursements	18,250	9,435	8,815	18,250	11,587	6,663
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,250)	(3,097)	8,153	(10,250)	(3,469)	6,781
CASH, JANUARY 1	68,371	68,371	0	71,840	71,840	0
CASH, DECEMBER 31	57,121	65,274	8,153	61,590	68,371	6,781
<b><u>LOTTIE WILSON TRUST FUND</u></b>						
RECEIPTS						
Interest	1,000	571	(429)	1,200	1,224	24
Total Receipts	1,000	571	(429)	1,200	1,224	24
DISBURSEMENTS						
Assistance to indigent	1,101	1,101	0	1,100	900	200
Total Disbursements	1,101	1,101	0	1,100	900	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(101)	(530)	(429)	100	324	224
CASH, JANUARY 1	27,690	27,690	0	27,366	27,366	0
CASH, DECEMBER 31	27,589	27,160	(429)	27,466	27,690	224

## Exhibit B

## HARRISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>POLICE OFFICER STANDARDS</u></b>						
<b><u>TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	3,500	3,834	334	4,000	3,815	(185)
Interest	100	119	19	0	206	206
Total Receipts	3,600	3,953	353	4,000	4,021	21
DISBURSEMENTS						
Sheriff	3,500	3,834	(334)	4,000	3,815	185
Total Disbursements	3,500	3,834	(334)	4,000	3,815	185
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	119	19	0	206	206
CASH, JANUARY 1	5,141	5,141	0	4,935	4,935	0
CASH, DECEMBER 31	5,241	5,260	19	4,935	5,141	206
<b><u>LOCAL EMERGENCY PLANNING</u></b>						
<b><u>COMMITTEE FUND</u></b>						
RECEIPTS						
Intergovernmental	2,500	2,445	(55)	0	2,527	2,527
Interest	100	144	44	300	205	(95)
Total Receipts	2,600	2,589	(11)	300	2,732	2,432
DISBURSEMENTS						
Local emergency planning	6,500	1,280	5,220	7,500	5,527	1,973
Total Disbursements	6,500	1,280	5,220	7,500	5,527	1,973
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,900)	1,309	5,209	(7,200)	(2,795)	4,405
CASH, JANUARY 1	6,672	6,672	0	9,467	9,467	0
CASH, DECEMBER 31	2,772	7,981	5,209	2,267	6,672	4,405
<b><u>COUNTY ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Intergovernmental	200	1,024	824			
Interest		40	40			
Total Receipts	200	1,064	864			
DISBURSEMENTS						
County Clerk	500	0	500			
Total Disbursements	500	0	500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	1,064	1,364			
CASH, JANUARY 1	1,382	1,382	0			
CASH, DECEMBER 31	1,082	2,446	1,364			

## Exhibit B

## HARRISON COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RECORDER'S TECHNOLOGY FUND</u></b>						
RECEIPTS						
Charges for services	750	2,684	1,934			
Interest		51	51			
Total Receipts	750	2,735	1,985			
DISBURSEMENTS						
Ex Officio Recorder of Deeds	800	0	800			
Total Disbursements	800	0	800			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	2,735	2,785			
CASH, JANUARY 1	959	959	0			
CASH, DECEMBER 31	909	3,694	2,785			
<b><u>HEALTH CENTER FUND</u></b>						
RECEIPTS						
Property tax	110,000	112,069	2,069	105,000	112,902	7,902
Intergovernmental revenue	101,500	110,488	8,988	100,500	108,130	7,630
Charges for services	307,000	336,436	29,436	305,750	321,113	15,363
Interest	15,000	7,997	(7,003)	17,000	16,715	(285)
Other	0	0	0	0	37,200	37,200
Total Receipts	533,500	566,990	33,490	528,250	596,060	67,810
DISBURSEMENTS						
Salaries and employee fringe benefits	368,500	369,571	(1,071)	353,000	347,697	5,303
Office expenditures	47,000	57,131	(10,131)	50,500	43,226	7,274
Equipment	6,500	6,754	(254)	0	0	0
Mileage and training	16,000	16,337	(337)	24,000	12,968	11,032
Professional fees	74,000	53,742	20,258	77,000	65,518	11,482
Medical supplies	21,500	25,763	(4,263)	23,000	24,040	(1,040)
Repayment of Medicare advance	0	37,200	(37,200)	0	0	0
Total Disbursements	533,500	566,498	(32,998)	527,500	493,449	34,051
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	492	492	750	102,611	101,861
CASH, JANUARY 1	390,682	390,682	0	288,071	288,071	0
CASH, DECEMBER 31	390,682	391,174	492	288,821	390,682	101,861
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	0	6,212	6,212	5,000	5,664	664
Total Receipts	0	6,212	6,212	5,000	5,664	664
DISBURSEMENTS						
Law library expenditures	7,500	5,836	1,664	12,022	6,067	5,955
Total Disbursements	7,500	5,836	1,664	12,022	6,067	5,955
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,500)	376	7,876	(7,022)	(403)	6,619
CASH, JANUARY 1	13,976	13,976	0	14,425	14,379	(46)
CASH, DECEMBER 31	6,476	14,352	7,876	7,403	13,976	6,573

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK'S INTEREST FUND</u></b>						
RECEIPTS						
Interest				2,400	2,644	244
Total Receipts				2,400	2,644	244
DISBURSEMENTS						
Circuit Clerk				4,000	1,154	2,846
Total Disbursements				4,000	1,154	2,846
RECEIPTS OVER (UNDER) DISBURSEMENTS				(1,600)	1,490	3,090
CASH, JANUARY 1				4,941	5,041	100
CASH, DECEMBER 31				3,341	6,531	3,190

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements



HARRISON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Harrison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Sales Tax Fund	2002
Circuit Clerk's Interest Fund	2002
Tax Maintenance Fund	2002
County Election Services Fund	2001
Recorder's Technology Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2002
Crestview Depreciation and Replacement Fund	2002
Crestview Addition Fund	2002
Police Officer Standards Training Fund	2002
Health Center Fund	2002
Prosecuting Attorney Delinquent Tax Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2002 and 2001
Circuit Clerk's Interest Fund	2002 and 2001

## 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and*

*Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities pledged by the depositary bank and held in the board's name by a correspondent bank.

## Supplementary Schedule

## Schedule

HARRISON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services-				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3140W	\$ 5,929	0
		ERS045-2140W	26,695	9,003
		ERS045-1140W	0	25,751
	Program Total		32,624	34,754
10.559	Summer Food Service Program for Children	ERS146-1140-I	60	0
U.S. DEPARTMENT OF JUSTICE				
Passed through state				
Office of Prosecution Services				
16.554	National Criminal History Improvement Program	2000-RH-CX-KO24	8,267	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO 041 (20)	0	13,213
		BRO 041 (22)	0	7,191
		BRO 041 (23)	314,255	7,589
		BRO 041 (24)	5,173	17,966
		BRO 041 (25)	340	0
	Program Total		319,768	45,959
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	LEPC	1,280	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	2,468	7,721

## Schedule

HARRISON COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services:				
93.268	Immunization Grant:	N/A	30,634	30,557
		PGA064-3140A	4,555	0
	Program Total		35,189	30,557
93.575	Child Care and Development Block Gran	PGA0067	1,800	1,194
93.994	Maternal and Child Health Service:	ERS146-3140M	3,468	0
	Block Grant to the States	ERS146-2140M	10,402	3,467
		ERS146-1140M	0	8,807
		C100015026	0	82
		non-monetary	272	2,606
	Program Total		14,142	14,962
	Total Expenditures of Federal Awards:		\$ 415,598	135,147

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedul

## Notes to the Supplementary Schedule

HARRISON COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Harrison County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both



cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Harrison County, Missouri

Compliance

We have audited the compliance of Harrison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Harrison County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB

Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

### Internal Control Over Compliance

The management of Harrison County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Harrison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

June 4, 2003 (fieldwork completion date)

Schedule

HARRISON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2002 AND 2001

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?       yes    x   no  
Reportable conditions identified that are  
not considered to be material weaknesses?       yes    x   none reported

Noncompliance material to the financial statements  
noted?       yes    x   no

Federal Awards

Internal control over major program:

Material weaknesses identified?       yes    x   no  
Reportable conditions identified that are  
not considered to be material weaknesses?    x   yes       none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?    x   yes       no

Identification of major program(s):

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>02-1.                                      Schedule of Expenditures of Federal Awards</b>
--

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-041(20), BRO-041(22), BRO-041(23), BRO-041(24), & BRO-041(25)
Award Year:	2002 and 2001
Questioned Costs:	N/A

Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county's procedures for reporting federal assistance are not adequate. Although improvement was noted in the preparation of the SEFA, the county did not accurately report expenditures of the BRO program. It appears the BRO expenditures presented on the SEFA included the county's match. In addition, pass-through entity identifying numbers were not included for most programs.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.



**WE AGAIN RECOMMEND** the County Commission and the County Clerk ensure all federal award expenditures are properly recorded on the Schedule of Expenditures of Federal Awards. In addition, pass-through entity identifying numbers should be reported when applicable.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission indicated they will implement the recommendation and establish procedures to ensure the required information is included on the SEFA.*

**02-2.**

**Cash Management**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Number:	BRO-041(20), BRO-041(22), BRO-041(23), BRO-041(24), & BRO-041(25)
Award Year:	2002 and 2001
Questioned Costs:	N/A

The county has not established procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. For most expenditures, the County Commission makes payments to contractors subsequent to receiving the reimbursement. Of the reimbursements reviewed, we noted four reimbursements totaling \$93,873 which were held from 17 to 38 business days before the related payment was made to the contractor. There is no explanation why these payments were not made timely. The current County Clerk indicated the current procedure is to pay the invoices when the reimbursement from the Missouri Department of Transportation (MoDOT) is received.

Section .300(c) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to, "comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs". Section XII of the MoDOT Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within two business days of receipt of funds from MoDOT.

**WE AGAIN RECOMMEND** the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission has established procedures to ensure payments are made before the federal reimbursement is requested.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

HARRISON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

HARRISON COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-1. Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-041(19), BRO-041(20), BRO-041(21), BRO-041(22), BRO-041(23), BRO-041(24)
Award Year:	2000 AND 1999
Questioned Costs:	\$30,864

- A. The county's procedures for tracking federal assistance were not adequate. The county prepared a schedule of expenditures of federal awards (SEFA) for the years ended December 31, 2000 and 1999; however, the schedule contained a number of errors and omissions.
- B. The county had not established cash management procedures to ensure the minimum time elapsed between its receipt of federal project monies and the distribution of such monies to contractors.
- C. There was no documentation that the County Commission considered other engineering firms for project BRO-041(19) as required by state law.

Recommendation:

The County Commission:

- A. And the County Clerk ensure all federal award expenditure amounts are properly recorded on the Schedule of Expenditures of Federal Awards.
- B. Establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with federal requirements.
- C. Resolve the questioned costs with the grantor agency. In addition, the County Commission should obtain information as required by law when contracting for professional services.

Status:

- A. Not implemented. See finding number 02-1.
- B. Not implemented. See finding number 02-2.
- C. Implemented. Correspondence from the Missouri Department of Transportation (MoDOT) indicated the county has developed procedures which should prevent future problems and resolve the findings. The letter also noted that in regards to the questioned costs MoDOT had reason to believe the funds were incurred appropriately based on the county supplying the necessary engineering selection letter. In addition, documentation related to the engineering selection process reviewed during the current audit was adequate.

## MANAGEMENT ADVISORY REPORT SECTION



Management Advisory Report -  
State Auditor's Findings

HARRISON COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Harrison County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 4, 2003. We also have audited the compliance of Harrison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 4, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Harrison County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

The County Commission did not obtain a professional appraisal prior to purchasing a construction site for the jail project. In addition, the County Commission is not independently monitoring the construction of the jail and appears to have negotiated an agreement with the financial company prior to beginning the bid process.

During May 2002, the County Commission entered into a base lease agreement to lease county land to a financial company on which to construct a county jail. A 20-year lease agreement was simultaneously entered into with the financial company for the county to lease the jail and make annual lease payments equal to the amount due to purchase the building at the end of the lease term. In case of default on the lease, the financial company can reclaim possession of the building for the remainder of the term of the lease. The principal amount of the lease is \$1,656,000. The funding source for the lease is a one-half cent law enforcement sales tax. We noted the following during our review of the jail project:

- A. The County Commission did not obtain a professional appraisal to determine the value of three plots of land purchased for the jail site. The County Commission indicated several pieces of property were inspected before deciding to purchase the lots across from the courthouse. However, there was no documentation to support which other properties were considered, costs associated with the properties, or advantages and disadvantages of other properties. Since the three landowners agreed to sell the lots for \$15,000 each and the lots were ideally located across the street from the courthouse, the County Commission considered \$45,000 to be a reasonable price. The County Assessor indicated the most current appraised value of the three properties in the county's records totaled approximately \$6,000, or 13 percent of the purchase price; however, the properties had not been appraised since 1998 or earlier.

The disparity between the County Assessor's appraisal and the amount paid supports the importance of an independent appraisal in establishing the market value of the land as a basis for determining the reasonableness of the asking price.

- B. The County Commission is not independently monitoring the construction of the jail. There is no professional independent inspection during construction to ensure compliance with building codes and building plans and specifications. The County Commission indicated that while each commissioner periodically tours the facility during construction, they rely on the financial company to ensure the project is completed in accordance with the building plans and specifications. The County Commission stated that since the county will not have title to the property until the lease is paid in full, it is not the County Commission's responsibility to monitor the project. However, because the County Commission fully intends to purchase the

building, it is prudent to ensure the project is adequately supervised and monitored for compliance with building code requirements and building plans and specifications. Ensuring compliance with building codes and plan specifications as the project progresses could prevent future disputes and liability issues.

- C. The County Commission negotiated and signed an agreement with the financial company five weeks prior to advertising the request for bids in the local paper. The following is a sequence of events leading up to the bid award:

Date	Event
April 10, 2002	County Commission minutes documented a meeting with the construction company and the financial company to sign an agreement for financing and begin the final design. The agreement was dated March 10, 2002, and was signed by all parties.
May 15, 22, & 29, 2002	Request for bids for the "design, development, construction and financing of a public safety facility" was advertised in the local paper.
May 29, 2002	Opened a sole bid for the jail project from the financial company.
	The contract was awarded to the financial company and an agreement dated May 29, 2002, was signed by all parties.
	In a letter dated May 29, 2002, the Prosecuting Attorney indicated he had examined the duly executed originals of the lease and option agreement and base lease agreement dated March 10, 2002.

While the request for proposal (RFP) was advertised in the local paper twice during the two weeks prior to the bid opening and on the day of the bid opening, it appears the county had already negotiated an agreement with the financing group to construct and finance a jail. Negotiation and execution of contracts prior to the competitive bid process gives an unfair advantage to the entity to whom the bid was awarded and circumvents the bid requirements.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. Section 50.660, RSMo 2000, requires all contracts and purchases be awarded to the lowest and best bidder after due opportunity for competition.

The County Commission has a fiduciary responsibility to ensure public funds are properly expended, complete records are maintained, and that significant county projects are carefully supervised.

**WE RECOMMEND** the County Commission:

- A. Obtain a professional appraisal prior to purchasing land.
- B. Ensure the construction is independently monitored, inspected, and supervised for the remainder of the jail project.
- C. Ensure building projects are bid in accordance with state law.

**AUDITEE'S RESPONSE**

- A. *The County Commission indicated they normally get a professional appraisal for purchases of land. They will implement the recommendation for future purchases of land.*
- B. *The County Commission indicated they have requested building plans from the finance company to no avail. However, they are monitoring the project and will continue to monitor the project as best they can. For future projects, the County Commission indicated they will ensure the recommendation is implemented.*
- C. *The County Commission agrees with the recommendation.*

**2.**

**Crestview Nursing Home Project**

The County Commission did not adequately monitor the selection process of various design and construction services for the nursing home project.

Certificates of Participation (COPs) totaling \$3,870,000 were issued by a trustee bank (trustee) on behalf of the county and the proceeds of those certificates were used to construct an addition to the existing nursing home and to refund the outstanding Series 1989 and Series 1996 revenue bonds.

The County Commission entered into a lease purchase agreement with the trustee on March 1, 2002. The terms of the agreement require the county to concurrently convey a leasehold interest in the project site (Crestview Nursing Home) to the trustee and for the trustee to lease the Crestview Nursing Home back to the county with lease purchase payments equal to the amount due to retire the indebtedness. The county leases the property to a not for profit corporation (NFP), which operates the nursing home.

The lease payments are payable solely from a pledge of the revenues derived from the operation of the nursing home. The NFP submits the principal and interest payments to the trustee who in turn makes the payment to the owner of the certificates. Each month, the trustee sends a statement of activity to the county showing the activity in the account.

The County Commission did not adequately monitor the selection process for the architectural services, construction manager, and construction contractor for the nursing home project. The nursing home administrator indicated proposals were solicited for various aspects of the nursing home construction project. The County Commission indicated they did not review the proposals for the architectural services, general contractor, or construction manager to ensure proper procedures were followed.

The County Commission has a fiduciary responsibility to ensure public assets are properly safeguarded, complete records are maintained, and that significant county projects are carefully supervised.

**WE RECOMMEND** the County Commission adequately monitor county building projects.

### **AUDITEE'S REPOSE**

*The County Commission indicated they will implement the recommendation and become more involved in the Crestview Nursing Home building project.*

<b>3. Lake Project Fund Balance</b>
-------------------------------------

The Lake Project Fund balance includes sales tax revenue which is required to be used for obligations incurred in the construction of the Harrison County Lake; however, the general obligation bonds have been paid.

In April 1988, the county passed a one-fourth cent sales tax pursuant to Section 67.547, RSMo. The ballot states the proceeds of the tax "shall be specifically used to pay all local obligations incurred in the construction of the Harrison County Lake, which tax shall terminate once the debt incurred by Harrison County for the funding of the Harrison County Lake is retired."

The debt incurred for the lake project consisted of \$1.2 million in general obligation bonds which were scheduled to mature in 2009. The bonds were paid off on July 12, 2000, nine

years prior to maturity. In September 2000, the County Clerk notified the Department of Revenue (DOR )to repeal the sales tax effective January 1, 2001.

Although the County redeemed the bonds early and notified the DOR to repeal the sales tax, a \$308,664 balance remained in the Lake Project Fund as of December 31, 2002. Since the ballot language specifically stated that the sales tax is to be used for obligations incurred in the construction of the lake and the general obligation bonds have been paid off, the County Commission should consult legal counsel regarding the proper disposition of the sales tax monies that remain in the Lake Project Fund.

**WE RECOMMEND** the County Commission consult legal counsel to determine the proper disposition of the sales tax revenue remaining in the Lake Project Fund.

#### **AUDITTE'S RESPONSE**

*The County Commission has discussed the situation with the Prosecuting Attorney and plans to ask the voters, through a ballot issue, to authorize the county to use the balance in the account for maintenance of the lake.*

<b>4. County Officials' Compensation</b>
--

The county has not taken action on mid-term salary increases given to elected officials in 1997.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo. This section of law allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The Supreme Court held that this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

As noted in the prior report, the 1997 salary commission voted to give elected officials a salary increase mid-term. The County Commission indicated they would ask the county's legal counsel to review this matter and discuss it at the 2001 salary commission meeting. However, a salary commission meeting was not held in 2001 and there is no documentation this situation was reviewed.

In light of the Supreme Court ruling, raises given to officials within their term of office should be re-evaluated for propriety. Any legal opinions or discussions by the county salary commission regarding this situation should be documented.

**WE RECOMMEND** the County Commission review the impact of this court decision and develop a plan for obtaining repayment of any salary overpayments.

**AUDITEE'S RESPONSE**

*The County Commission indicated they will discuss the recommendation with the Prosecuting Attorney to determine what action to take.*

<b>5. Budgetary Practices and Published Financial Statements</b>
--

The County Commission overestimated the budgeted amounts for the Special Road and Bridge Fund. In addition, the County Clerk does not ensure the township road boards prepare and publish financial statements.

- A. As also noted in the prior three audit reports, the County Commission significantly overestimated the amounts budgeted for the Special Road and Bridge Fund as follows:

Year Ended December 31,	Disbursements		Budget over Actual
	Budget	Actual	
2002	\$ 2,445,760	1,844,215	601,545
2001	3,025,656	1,433,722	1,591,934
2000	2,618,040	1,550,439	1,067,601
1999	2,586,580	1,688,095	898,485
1998	2,483,801	1,170,358	1,313,443
1997	2,346,943	1,339,831	1,007,112

During the last six years, actual disbursements have been only 47 to 75 percent of budgeted expenditures. The County Commission indicated that they have tried to budget for unanticipated emergencies. As evidenced by the amounts presented above, the County Commission does not adequately review historical cost data when preparing the budget. The practice of overestimating disbursements results in an unreasonable estimated ending fund balance and reduces the use of the budget as a management tool and as a control over disbursements.

For the budget documents to be of maximum assistance to the County Commission and to adequately inform county residents of the county's operations and current financial position, the budgets should accurately reflect resources on hand, reasonable estimates of receipts and disbursements, and anticipated ending cash balances.



- B. Actual disbursements exceeded the budgeted amounts in various funds as follows:

<u>Fund</u>	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
Assessment Fund	1,494	N/A
Prosecuting Attorney Delinquent Tax Fund	N/A	153
Crestview Depreciation and Replacement Fund	204,975	N/A
Crestview Addition Fund	30,451	N/A
Peace Officer Standards Training Fund	334	N/A

This situation occurred in the Crestview Nursing Home Fund and Crestview Addition Fund because of refinancing of bonds which resulted in transactions that were not budgeted. The Associate Commissioners indicated the nursing home board presented the refinancing proposal to the County Commission subsequent to approval of the 2002 budget. The County Commission did not think about amending the budget for these transactions.

It was ruled in State Ex. Rel. Strong v. Cribb, 364 Mo.1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with the county budget laws. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

- C. The County Clerk does not ensure township road boards financial statements are prepared and published as required by state law. Section 231.290, RSMo 2000, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the township's property, which should be published in a local newspaper and filed with the County Clerk.

**WE RECOMMEND:**

- A. The County Commission ensure budgeted expenditures are reasonable so that a more realistic estimate of the Special Road and Bridge Fund's financial condition is presented and to increase the budget's effectiveness as a management tool.
- B. The County Commission ensure disbursements are not authorized in excess of budgeted expenditures. In addition, if valid reasons necessitate excess expenditures, the budget should be formally amended following the same process by which the annual budget is approved, including holding public hearings and filing the

amendment with the State Auditor's Office.

- C. The County Clerk should ensure all townships publish financial statements in a local paper in accordance with state law.

**AUDITEE'S RESPONSE**

- A. *The County Commission indicated they will try to do a better job of budgeting Special Road and Bridge Fund expenditures.*
- B. *The County Commission indicated they generally do amend budgets when necessary, but due to unusual circumstances with the Crestview Nursing Home bond refinancing, they failed to amend the budget. The County Commission will implement the recommendation.*
- C. *The County Clerk indicated all townships except six published financial statements for 2002. The townships will be required to publish financial statements for 2003 and file them with the county prior to receiving any county aid.*

<b>6. Interfund Loans and Transfers</b>
---

The County Commission authorized unallowable expenditures from the Special Road and Bridge Fund. In addition, administrative services fee transfers from the Special Road and Bridge Fund to the General Revenue Fund were excessive.

- A. The County Commission authorized payment of jail and law enforcement expenditures totaling \$50,750 from the Special Road and Bridge Fund. These expenditures include the purchase of three lots totaling of \$45,000 to be used for the jail construction site, \$5,000 for the building design for the new jail, and \$750 for repairs to a Sheriff's department vehicle. The County Commission indicated the expenditures for the design of the new jail and the lots for the jail were a loan from the Special Road and Bridge Fund to the Law Enforcement Sales Tax Fund. These expenditures were made in February and June 2002; however, the 2003 budget did not appropriate monies for repayment of the loan and as of June 2003, the monies have not been reimbursed to the Special Road and Bridge Fund.

The monies credited to the Special Road and Bridge Fund are restricted for road and bridge purposes. As a result, \$50,750 is due to the Special Road and Bridge Fund from the Law Enforcement Sales Tax Fund.

- B. Administrative service fee transfers from the Special Road and Bridge Fund to the General Revenue Fund were excessive. During the years ended December 31, 2002 and 2001, the county made administrative service fee transfers of \$65,000 and \$175,656, respectively, from the Special Road and Bridge Fund to the General Revenue Fund. The transfer made in 2001 was to recoup administrative service fees which had been budgeted but had not been transferred for part of 1998, 1999 and 2000, as well as the administrative service fee which pertained to 2001. The amount recouped for 1998 through 2000 was calculated based upon three percent of actual expenditures from the Special Road and Bridge Fund. There was no documentation to support how the administrative service fee transfers pertaining to 2002 and 2001 were calculated. Although administrative service fee transfers were less than three percent of Special Road and Bridge Fund budgeted disbursements, the transfers exceeded three percent of actual disbursements for the two years ended December 31, 2002 and 2001, by a total of \$33,882. This situation resulted from unreasonable budget estimates for the Special Road and Bridge Fund (See MAR No. 5).

Section 50.515, RSMo 2000, allows the county to impose an administrative service fee on the Special Road and Bridge Fund. The administrative service fee shall be imposed only to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for related administrative services to the funds, and shall not exceed three percent of the Special Road and Bridge Fund budget.

**WE RECOMMEND** the County Commission:

- A. Transfer \$50,750 to the Special Road and Bridge Fund from the Law Enforcement Sales Tax Fund. In addition, interfund loans should be reflected as such on the budget document.
- B. Base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund and retain documentation of the transfer calculations. In addition, a transfer of \$33,882 should be made from the General Revenue Fund to the Special Road and Bridge Fund. Transfers should be budgeted and made in a timely manner.

**AUDITEE'S RESPONSE**

- A. *The County Commission has established a schedule to repay the monies to the Special Road and Bridge Fund from the Law Enforcement Sales Tax Fund in ten years or less.*
- B. *The County Commission indicated they will take a serious look at the situation next year and will make transfers in a more timely manner.*

7.

## Revenue Maximization

The county has not established procedures to monitor reimbursement requests of the Bridge Replacement Offset (BRO) program, and ensure timely receipt of funds. During our review of the Bridge Replacement Offset (BRO) program, we noted the following:

- A reimbursement request to MoDOT for \$6,319 dated June 2001 was not received by the county until April 2003. Another reimbursement request for \$1,854 dated June 2001 has not been received as of July 1, 2003. A similar situation was noted in the audit report for the two years ended December 31, 2000.
- A reimbursement request for \$14,750 for expenses incurred by the county road and bridge department during 2001 and 2002, including hours worked and materials used, was not submitted until April 4, 2003. In addition, as of July 18, 2003, the county still had not submitted a reimbursement request for \$4,064 of these costs.
- In 2001, the county incurred expenses totaling \$1,189 for a bridge project which were not included on a reimbursement request.

The County Commission followed up on the above items only after we brought them to their attention. Adequate monitoring procedures are necessary to ensure the county maximizes its revenues and ensure the federal reimbursement requests for federal funds are accurate and complete.

**WE RECOMMEND** the County Commission establish procedures to monitor receipt of reimbursement requests and to ensure the reimbursement requests for federal funds are accurate and complete.

### **AUDITEE'S RESPONSE**

*The County Clerk currently has a procedure in place to monitor reimbursement of expenditures.*

8.

## Computer Controls

The county's computer system's internal controls are in need of improvement. The county has a computer system which is utilized by the County Clerk, the County Assessor and the County Collector. During our review of the controls over the system, we noted the following:

- A. Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to the property tax data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. No security system is in place on the property tax and financial programs to detect and stop incorrect log-on attempts after a certain number of tries. An unauthorized individual could try an infinite number of times to log on the system, and if successful, have unrestricted access to program and data files. To help protect computer files, a security system should be implemented to stop incorrect log-on attempts after a certain number of tries. Such a system should produce a log of the incorrect attempts, which should be reviewed periodically by an authorized official.
- C. The County Assessor backs up the files for the financial data, the property tax system, the 911 system, and the courts; however, the backup disks are not stored at an off-site location. Backups of computer information provide a means of recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that county data can be recreated.
- D. The county does not have a formal emergency contingency plan for the computer system, and has not formally negotiated arrangements for backup facilities in the event of a disaster. In addition, some of the areas housing computer hardware and software are not equipped with fire detection or smoke detection systems.

Contingency plans should include plans for a variety of situations, such as short-and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on the data processing, the need for contingency planning is evident. In addition, fire detectors should be installed to ensure personnel respond appropriately in the case of a fire.

**WE RECOMMEND** the County Commission:

- A. Ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.

- B. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- C. Ensure backup disks are prepared and stored in a secure, off-site location.
- D. Develop a formal contingency plan for the county's computer systems and equip areas that house computer hardware and software with fire detectors or smoke detectors.

### **AUDITEE'S RESPONSE**

- A&B. The County Commission is looking at a new system with the capability to change passwords and record and report log-on attempts.*
- C. The County Commission indicated backup disks are currently being stored in an offsite location.*
- D. The County Commission indicated they will look into this recommendation.*

<b>9.</b>	<b>General Fixed Asset Records and Procedures</b>
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The county has not maintained or updated the master list of fixed assets since 1996, nor has the county conducted a complete physical inventory since that time. In addition, property tags are not affixed to purchased assets. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections.

Adequate general fixed asset records are necessary to meet statutory requirements; secure better internal control over, and to safeguard county assets; and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. In addition, property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

Previous reports have noted concerns with the general fixed asset records and the County Commission responded that they would make an effort to comply with the recommendation; however, improvements have not been noted.

**WE RECOMMEND** the County Commission establish a written policy related to handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or otherwise identified as county-owned property.

**AUDITEE'S RESPONSE**

*The County Commission indicated a physical inventory has been performed by all county offices and will be performed annually. A fixed asset listing has been prepared and will be updated. Property tags have been added to most fixed assets. The County Commission agrees with the recommendation.*

<b>10. Commission Meetings and Records</b>
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Improvements are needed in the county commission minutes. Formal written minutes are not always prepared for closed meetings. In addition, minutes do not always include sufficient detail and are not signed by the Presiding Commissioner.

- A. Formal written minutes are not prepared for closed county commission meetings. The former County Clerk maintained brief hand written notes of some of the closed meetings. Formal written minutes for closed meetings result in a better record of county transactions, proceedings and decisions. Although minutes for closed meetings are not specifically required by Chapter 610, RSMo (the Sunshine Law), the county should document discussions during closed session to demonstrate, if necessary, the discussions were limited to the topics announced for the closed session.
- B. The county commission minutes do not always include sufficient detail of matters discussed and actions taken at the county commission meetings. During our review of expenditures, we noted the review and approval of bids for several items purchased (a truck and an install repeater) were not adequately documented in the County Commission minutes. In addition, discussions relating to the jail project and financing agreement, lake project and bond payoff, and the Crestview Nursing Home financing decisions were not adequately documented in the minutes.

Complete and accurate minutes provide an official record of board actions and decisions. In addition, Section 51.120, RSMo 2000 requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission.

- C. The Presiding Commissioner does not sign the county commission meeting minutes. The minutes should be prepared and signed by the County Clerk, approved by the County Commission, and signed by the Presiding County Commissioner to provide an attestation that the minutes are a correct record of the matters discussed and action taken during the county commission meetings.

**WE RECOMMEND** the County Commission ensure:

- A. Minutes are prepared for all closed meetings.
- B. All significant discussions and actions taken are adequately documented in the minutes.
- C. Minutes are approved and signed.

**AUDITEE'S RESPONSE**

- A. *The new County Clerk has begun maintaining minutes of closed meetings.*
- B&C. *The County Commission agrees with the recommendations.*

<b>11. Sheriff's Controls and Procedures</b>
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Some improvement is needed over internal controls in the Sheriff's Office. In addition, the Sheriff improperly retained fees received for services performed as a successor trustee and a perpetual inventory record of seized property is not maintained.

The Sheriff's office collected civil and criminal process fees, gun permit fees, cash bonds, phone commission fees, and copy fees during the years ended December 31, 2002 and 2001, totaling approximately \$182,000 and \$146,000, respectively. In addition, the Sheriff is the custodian of seized property and performs certain sales. Our review of the Sheriff's accounting controls and procedures noted the following:

- A. The duties of receiving, recording, and depositing are not adequately segregated. Currently, the Sheriff's secretary is responsible for receiving the monies, recording receipts, preparing the deposits, and writing checks.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance and could be achieved by segregating the functions of receiving and disbursing monies from maintaining accounting records. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent supervisory review.



- B. The method of payment is not always indicated on the receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.
- C. The Sheriff does not file a monthly report of fees with the county commission. Section 50.370, RSMo 2000, requires county officials to file a report with the county commission showing fees charged and collected.
- D. The Sheriff retained fees totaling \$1,116 for services performed as trustee to execute a deed of trust in September 2002. The Sheriff indicated he had received legal advice from the Prosecuting Attorney that he was not required to turn the fees over to the County Treasurer. However, the Sheriff nor the Prosecuting Attorney could provide documentation or criteria to support the decision to retain fees from trustee sales.

Attorney General's Opinion No. 304, 1970 to Holman concluded that a Sheriff is not entitled to retain a fee if he is appointed trustee to execute a deed of trust in his official capacity. As a result \$1,116 is due from the Sheriff to the county.

- E. A perpetual inventory record of seized property is not maintained. The most current listing was prepared as of January 1, 2001, when the Sheriff took office. However, it has not been updated since that time. When an item is received, it is tagged with suspect's name and description of the item. However, the item is not recorded on the inventory list and a periodic inventory of the property on hand is not conducted. There are several guns for which the case number or the owner are not identified.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the items. A perpetual inventory control record should be maintained and periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Record the method of payment on receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- C. Ensure a monthly report of fees is filed with the county commission in accordance with state law.

- D. Ensure fees received for services performed as a trustee in a deed of trust sale are turned over to the County Treasurer. In addition, the Sheriff should turn over \$1,116 to the county.
- E. Prepare and maintain a complete perpetual inventory record of seized property. Periodic inventories of seized property should be performed. In addition, disposition of seized property should be made on a timely basis.

**AUDITEE'S RESPONSE**

- A-C. The Sheriff indicated the recommendations have been implemented.*
- D. The Sheriff indicated the matter has been taken under advisement in order to seek further legal advice.*
- E. The Sheriff indicated the recommendation will be implemented when the Sheriff's department moves into the new facility.*

## Follow-Up on Prior Audit Findings

## HARRISON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Harrison County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

### 1. Budgets and Published Financial Statements

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 1998 and 1997.
- B. Budgeted expenditures in the 911 Fund exceeded budgeted revenues plus beginning balances resulting in a budgeted deficit of \$32,601 for the year ended December 31, 1997.
- C. Warrants were issued in excess of approved budgeted expenditures for various funds during the two years ended December 31, 1998.
- D. The approved budget documents did not adequately project the anticipated disbursements of the Special Road and Bridge Fund for the two years ended December 31, 1998.
- E. The annual published financial statements of the county did not include the financial activity of some county funds.

### Recommendation:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Refrain from approving budgeted expenditures in excess of available monies.
- C. And the Health Center Board not authorize warrants in excess of budgeted expenditures.
- D. Estimate disbursements more reasonably.
- E. And the Health Center Board ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

A. Partially implemented. Budgets were prepared for most funds. The funds for which budgets were not prepared were for new funds (Tax Maintenance Fund for 2002 and County Election Services Fund and Recorder's Technology Fund for 2001) or funds handled by another county official (Circuit Clerk's Interest Fund). Although not repeated in the current MAR, our recommendation remains as stated above.

B. Implemented.

C&D. Not implemented. See MAR finding number 5.

E. Partially implemented. Some information was reported in the published financial statements for all funds except the Law Library Fund and Circuit Clerk Fund. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Expenditures

A. Some bids were not advertised by the county.

B. The County Commission approved payments to several vendors, including payments for gravel delivered to townships, without requiring acknowledgment of receipt of the goods or services.

Recommendation:

The County Commission:

A. Ensure that bids are advertised in accordance with statutes.

B. Require acknowledgment of receipt of goods and/or services prior to payment.

Status:

A. Not implemented. Although not all bids were advertised; bids were solicited for all but one item reviewed which required bids. Although not repeated in the current MAR, our recommendation remains as stated above.

B. Partially implemented. The only expenditures reviewed that did not include an acknowledgement of goods or services were invoices for gravel delivered to the townships. The County Commission notifies the quarry how many tons of gravel to deliver to each township. The County Commission indicated they rely on township officials to notify them if the gravel is not delivered. However, there is no direct acknowledgement that gravel is delivered. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Property Tax Books and Controls

- A. The County Clerk did not maintain an account book with the Ex Officio County Collector (EOC).
- B. Court orders for additions and abatements were prepared by the County Clerk and approved by the County Commission once a year.

Recommendation:

- A. The County Clerk establish and maintain an account book of the EOC's transactions and use the account book to verify the EOC's annual settlements.
- B. The County Commission review and approve all additions and abatements on a more timely basis.

Status:

- A. Not implemented. The new County Clerk indicated she will begin maintaining an account book for the 2003 tax year. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. Although the County Commission approves additions and abatements once a year, the County Assessor prepares change orders. A copy of the change orders is provided to the County Clerk. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Circuit Clerk and Ex Officio Recorder of Deeds Accounting Procedures

- A. Numerous sets of manual receipt slips were in use simultaneously. The following concerns were noted during a review of the receipts:
  - 1) The manual receipts issued for traffic monies received were not prenumbered.
  - 2) The manual receipts issued for installment payments were not always issued in order.
  - 3) The mode of payment was not always indicated on receipt slips issued and procedures were not established to reconcile amounts received to deposits.
- B. Accounting duties were not adequately segregated.

- C. Fees were not always charged in accordance with statute. During the two years ended December 31, 1998, unauthorized Prosecuting Attorney and Sheriff's fees totaling \$105,940 were collected and deposited into the General Revenue Fund.
- D. The Circuit Clerk had not determined the interest earned on the child support account attributable to the IV-D Program since the account became interest-bearing.
- E. Various financial records could not be located.
- F. Some expenditures from the Circuit Clerk's Interest Fund were not advertised for bid.

Recommendation:

The Circuit Clerk and Ex Officio Recorder of Deeds:

- A.1. Ensure that prenumbered receipt slips are issued for all monies received.
  - 2. Issue receipt slips in numerical order and ensure that procedures are established to account for the numerical sequence of all receipt slips.
  - 3. Ensure that the mode of payment is recorded on all receipt slips and that the composition of the receipt slips is reconciled to the composition of the bank deposits. Procedures should also be established to ensure that all receipts are promptly posted to a corresponding case file.
- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Review this situation with the Circuit Judge and ensure that any fees collected in error are correctly disbursed.
- D. Determine and disburse the portion of IV-D interest due to the state on a monthly basis.
- E. Exercise greater care in the retention of records.
- F. Advertise bids in accordance with state statutes.

Status:

- A, E  
&F. Implemented.

- B. Partially implemented. Bank reconciliations are performed by someone other than the individual collecting monies except for Probate case fees. In addition, the Circuit Clerk indicated she reviews the bank reconciliations; however, the review is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented. During the year ended December 31, 2001, \$105,940 was distributed to the school districts from the General Revenue Fund.
- D. The Circuit Clerk turned over interest totaling \$1,432 to the state on December 28, 2000. The county no longer collects IV-D monies, and, as a result, this recommendation is no longer applicable.

5. Sheriff's Records and Procedures

- A.1. The Sheriff's Office did not maintain a complete centralized listing of all seized property in the Sheriff's department's custody.
  - 2. The Sheriff stored several old guns that did not have any tags identifying the case number or the name of the original owner.
- B.1. The Sheriff did not maintain a log of amounts billed to or collected from various entities for boarding prisoners. In addition, an independent reconciliation of the Sheriff's billing records and payments received by the County Treasurer was not performed.
  - 2. There were no written agreements with the various entities for boarding prisoners.

Recommendation:

The Sheriff:

- A.1. Maintain a centralized detail listing of all seized property received including information such as a description, persons involved, current location, case number, and disposition of such property. Additionally, all items should be tagged with a description, case number, and an inventory control number.
  - 2. Make timely and appropriate dispositions of seized property.
- B.1. Maintain a log of amounts billed to the various entities for board of prisoners. In addition, an independent reconciliation of the Sheriff's billing records and the payments received by the County Treasurer should be performed.
  - 2. Obtain written agreements for boarding prisoners from the various entities.



Status:

- A. Not implemented. See MAR finding number 11.
- B. Not implemented. Until April 2001, a reconciliation between the Sheriff's billing records and payments received was performed; however, it was discontinued after that time. Effective April 2002 the county no longer boards prisoners for other entities. However, a new jail is currently under construction and the county plans to board prisoners for other entities when construction is complete. Although not repeated in the current MAR, an independent reconciliation of the Sheriff's billing records and payments received by the County Treasurer should be performed when the county resumes boarding prisoners for other entities.

6. Public Administrator

- A. The Public Administrator paid attorneys from the funds of the various estates to provide various services, including the filing of all of her annual settlements. Several attorneys did not file invoices to support their requests for fees.
- B. Real estate owned by the various estate/wards was not accounted for on the settlements.
- C. Some annual settlements were not filed timely.

Recommendation:

The Public Administrator:

- A. Obtain supporting documentation for all disbursements made on behalf of the estates.
- B. List any real estate as assets on the settlements.
- C. File annual settlements on a timely basis.

Status:

- A&C. Implemented.
- B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

# HARRISON COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Harrison was named after Albert G. Harrison, a member of the U.S. Congress. Harrison County is a township-organized, third-class county and is part of the 3rd Judicial Circuit. The county seat is Bethany.

Harrison County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 9,890 in 1980 and 8,850 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 50.4	49.9	48.9	48.1	48.3	26.9
Personal property	23.1	22.7	22.3	19.6	14.9	10.1
Railroad and utilities	6.0	7.0	7.9	7.8	3.6	4.5
Total	\$ 79.5	79.6	79.1	75.5	66.8	41.5

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Harrison County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$ .3573	.3529	.3523	.3500
Health Center Fund	.1400	.1400	.1400	.1400

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
\$	2003	2002	2001	2000
State of Missouri	24,145	24,291	24,226	23,341
General Revenue Fund	289,848	288,398	287,903	275,632
Assessment Fund	50,438	50,604	49,367	47,426
Health Center Fund	110,514	111,267	111,091	106,910
School districts	3,115,643	3,077,187	3,014,676	2,923,783
Overplus Fund	1,988	0	152	0
Fire Protection districts	115,719	115,545	91,251	84,322
Townships	564,687	570,459	557,172	534,433
Ambulance districts	264,077	266,672	266,757	256,479
Hospital district	365,559	367,937	374,758	367,575
Watershed districts	50,513	50,163	48,255	46,920
City Tax Increment	5,399	0	26,530	21,110
Tax Maintenance Fund	952	0	0	0
Cities	35,727	38,029	36,623	38,231
County Employees' Retirement	20,340	18,956	21,844	19,003
Commissions and fees:				
Township collectors	47,614	47,144	46,015	44,663
General Revenue Fund	34,073	35,972	39,130	38,206
Total	\$ 5,097,236	5,062,624	4,995,750	4,828,034

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	94.5	94.3	94.9	94.9 %
Personal property	90.7	92.2	93.1	94.6
Railroad and utilities	94.4	98.9	100.0	100.0

Harrison County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	0.0025	None	None
Road and Bridge	0.0050	2004	None
Law Enforcement Sales Tax	0.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
<b>County-Paid Officials:</b>					
Steve Francis, Presiding Commissioner		24,440	24,440	24,440	24,440
George Bowles, Associate Commissioner		22,440	22,440		
Lyle G. Foster, Associate Commissioner				21,780	21,780
Roger D. Gibson, Associate Commissioner		22,440	22,440		
Mickey D. Parkhurst, Associate Commissioner				21,780	21,780
Barbara J. Gates, County Clerk		34,000	34,000	34,000	34,000
Roscoe Moulthrop, Prosecuting Attorney		41,000	41,000	41,000	41,000
Rick Diernfeldt, Sheriff		39,000	39,000		
Richard Stratton, Sheriff				38,196	38,196
Jeremy Eivins, County Coroner		9,500	9,500		
Carl W. (Bill) Slaughter, County Coroner				9,500	9,500
Kimberly King, Public Administrator (1)		25,000	25,000		
Carol Provance, Public Administrator (2)				44,257	24,513
Julia Alexander Harris, Treasurer and Ex Officio County Collector, year ended March 31,	34,000	34,000	33,590	33,453	
Rose Webb, County Assessor (3), year ended August 31,		34,000			
Gene Buis, County Assessor (3), year ended August 31,			34,000	34,000	34,000

(1) Effective January 1, 2001, the public administrator elected to change from a fee basis to a salary basis.

(2) Includes fees received from probate cases.

(3) Includes \$900 annual compensation received from the state.

**State-Paid Officials:**

C. Sherece Eivins, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	46,127	44,292
Thomas R. Alley, Associate Circuit Judge	96,000	96,000	97,382	87,235

The county entered into a lease purchase agreement with United Missouri Bank on March 1, 2002. The terms of the agreement call for the county to lease the Crestview Nursing Home to United Missouri Bank, and for the bank to lease purchase the Crestview Nursing Home back to the county with lease payments equal to the amount due to retire the indebtedness. Certificates of Participation totaling \$3,870,000 were issued by United Missouri Trust Bank on behalf of the county and the proceeds of those certificates were used to construct an addition to the Crestview Nursing Home and to refund the outstanding Series 1989 and Series 1996 bonds which were used for building additions and improvements. The lease is scheduled to be paid off in the year 2022. The remaining principal and interest due on the lease at December 31, 2002, was \$3,870,000 and \$2,763,094, respectively. The Certificates of Participation are anticipated to be paid with the revenue generated from the operation of the nursing home.

The county entered a lease purchase agreement with Municipal Financial Group (MFG) for the county jail. The terms of the agreement call for the county to lease the real estate to MFG which will construct the jail and then lease purchase the jail to the county with lease payments equal to the amount due to retire the indebtedness. The lease is scheduled to be paid off in the year 2022. The remaining principal and interest due on the lease at December 31, 2002, was \$1,656,000 and \$1,115,459, respectively. The lease will be paid with proceeds from the one-half cent law enforcement sales tax which took effect on October 1, 2002.